

November 17, 2010

Ms. Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Ave., NW
Washington, D.C. 20551



RE: Proposed Rule – Revisions to Reg Z – Credit Protection Products
Docket No. R-1390

Dear Ms. Johnson:

I am respectfully opposed to the proposed changes to the debt cancellation and credit insurance disclosure rules. I believe the disclosures are misleading and will hurt not only the company that I work for (possible staff reduction due to lack of business coming in) but our policyholders as well.

Debt protection provides numerous benefits to our policyholders, including:

- pays off a loan, or makes payments in case of death or disability and involuntary unemployment
- in the event of a total loss, protects policyholders when their loan balance is greater than the book value of their vehicle
- provides peace of mind for the consumer
- protects a borrower's credit rating
- protects a lenders loan portfolio from defaults
- contributes to the safety and soundness of our communities financial institutions

Elizabeth Warren herself believes many Americans lack sufficient levels of insurance. I am confident you and the Board are well aware of Ms. Warren's studies on how uninsured illnesses and injuries contribute to a significant percentage of all bankruptcies in the United States (*Market Watch Illness and Injury as Contributors to Bankruptcy*), Health Affairs, February 2005). In today's economic environment and with so many people unemployed and needing assistance from the government, why strip away a proven method of providing Americans with the opportunity to protect their debt through the purchase of credit life and credit disability products?

When my company offers debt protection products to its policyholders, they do so in a responsible manner, designed to follow the law and fully inform them about the product. Let me remind you that this is a product that is strictly regulated by each state insurance department as well as all of the federal regulations that have to be followed. The company does not object to providing new or revised disclosures, as long as such disclosures are accurate and impartial. It is my personal opinion that the proposed disclosures were proposed by someone who has a biased opinion of debt protection insurance companies.

The proposed disclosures, as written, are inaccurate and misleading to the consumer. Additionally, the tone of the proposed disclosures is unduly negative and alarming. I would ask that you refer to one of the proposed disclosures, H-17 (A) Closed End. It states that there are "other types of insurance that can give you similar benefits and are often less expensive." It is my opinion that it is pretty much impossible to compare life and disability protection tailored to a specific loan with traditional insurance products. The coverage amount and associated premium or fee for credit insurance and debt protection products is limited to the loan amount, and the applications usually have a few simple 'Yes or No' health questions and no age banding. When one purchases term life insurance on the other hand, the consumer usually must apply for substantial amounts of coverage, often with minimums of \$100,000 or more, potentially buying more coverage and incurring greater out-of-pocket cost than the consumer can afford. The same proposed disclosure also states "You may not receive benefits even if you buy this product". This is an unfair and biased statement as the same statement is true for whatever type of insurance one purchases. When homeowners insurance is purchased, one purchases it, but may never have to use it. The same scenario goes for when car insurance is purchased. One purchases it but hopes they will never have to use it. The list can go on and on.

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Effective disclosure language must be objective and factual and with no underlying tone of bias or negativity. Unfortunately, the proposed disclosures fail to meet any of these criteria.

In conclusion, these proposed disclosures will hurt the company I work for and our policyholders. They are misleading and serve to warn consumers away from a product that may provide important and needed benefits to them. Here is what one of our policyholders said about our product. "This insurance helped me with my car payment. I am out of work. I thank you for your help. God Bless." C.S., Newport, VA. Another one writes "During my tragedy and having to deal with so many things at once, it was peace of mind knowing this type of insurance was taking care of my financial obligations. As you always hear, things can happen in the blink of an eye. It's so true. Thanks!" T.H., Buffalo, MN. We receive thousands of testimonials just like these attesting to the need for our insurance and I truly believe that if it were not for products such as ours, there would be a lot more people suffering financially.

I don't believe it is the role of our government to tell the American people not to purchase – or to purchase – a product. I respectfully ask the Board to withdraw these proposed disclosures. Or, alternatively, establish disclosures that are accurate, objective and balanced for all parties involved.

Sincerely,



Patricia VanSeveren

cc: Mike Johanns – Senator of the 111th Congress
Ben Nelson – Senator of the 111th Congress
Lee Terry – Congressman – 2nd Congressional District of NE